EXHIBIT C

CRL
Center for Responsible Lending

Not Free: The Large Hidden Costs of Small-Dollar Loans Made Through Cash Advance Apps

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About The Center for Responsible Lending (CRL)

The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families of color, rural, women, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.

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Executive Summary

Earned wage advances (EWA) and cash advance products are small, short-term loans that are typically repaid on the consumer's next payday either directly from a bank account or as a payroll deduction. Consumers access these products using an app on their smartphone by linking their bank accounts or by enrolling through their employer. The costs of these very short-term loans are not always transparent to consumers, who often pay fees and leave tips to access money and run the risk of unexpected overdraft fees. Workers who are already living paycheck to paycheck may frequently find themselves pulled into a cycle of reborrowing that depletes their net earnings and further erodes their financial stability. Through a mixed-methods approach, this research aims to better understand the costs and risks of using EWA and cash advances as well as their impacts on the financial lives of low- and moderate-income consumers.

Key Findings Include:

1 Overdrafts on consumers' checking accounts increased 56% on average after use of an advance product.

2 Consumers are taking out advances repeatedly, and using multiple lenders is common. Three quarters (75%) took out at least one advance on the same day or day after making a repayment.

3 Consumers taking out small amounts of cash paid a high price. The average APR for an advance repaid in 7 to 14 days was 367%, nearly as much as the APR on a typical payday loan (400%).

4 Many low- to moderate-income consumers are already struggling to meet their expenses and repaying advances makes it harder to catch up or save.

Background

EWA and cash advance products are small-dollar, short-term loans that borrowers access via smartphone apps and typically repay on their next payday, either directly from a bank account or as a payroll deduction. Two types of companies offer advances: employer-integrated and direct-to-consumer. In employer-integrated EWA, companies contract directly with employers, using their timekeeping and payroll systems to determine advance eligibility. Loans are repaid through payroll deduction, leaving the user with a smaller paycheck on payday. Direct-to-consumer companies have access to users' bank accounts and rely on deposits, income history, spending habits, and in some cases, location tracking to determine projected pay and borrowing limits. A borrower repays advances directly from their bank account when they receive their next paycheck or at a scheduled date. Borrowing limits vary by company but can be up to $750 or more per pay period or up to 100% of earned wages.[1] A 2021 report found that the average advance was $120 across two employer-based and two direct-to-consumer companies.[2] In California, the Department of Financial Protection and Innovation (DFPI) found 80% of transactions were between $40 and $100.[3]

Companies market these loans as having no mandatory fees or interest and as a way to avoid overdrafting a checking account, but consumers often pay optional fees, leave "tips" when they take out an advance, and incur overdraft charges upon repayment, making advances costly. Employer-integrated and direct-to-consumer companies use different fee structures, which can include a combination of monthly subscription fees, transaction fees, and expedite fees.

Advance transactions typically carry one or more of the following fees:

Transaction fees: Fees charged for each loan transaction.

Expedite or fast-funding fees: Fees charged to provide instant access to funds that range from **$0.49–$25.00,** depending on the company and the desired speed.[4] The cost of expediting payment for the cash advance company is less than $.05 per transaction.[5]

Subscription or membership fees: Monthly fees to access advances range from **$1.00–$19.99.** In some cases, these fees provide access to other products like credit builder loans, credit monitoring, and budgeting apps.

Fees disguised as "tips": Additional fees the lender prompts the user to pay. Although optional, lenders often set a default amount or percentage at more than $0. Tips range **from $0–$14.00** for the companies researched.

Companies advertise advances as a way to get cash "in minutes" but charge a fee to do so. Fast-funding fees are optional, but in practice, consumers in need frequently pay them to access cash immediately rather than wait one to three business days (the free option). Similarly, while tips are not mandatory, users often feel compelled to leave one due to applied pressure tactics like setting default tips greater than $0 or claiming tips are used to support other vulnerable consumers or for charitable purposes.[6] DFPI found that tip-based lenders received a tip on nearly three-quarters (73%) of all loans.[7] In an online survey conducted by CRL, 70% of respondents reported leaving tips, with 62% doing so nearly every time. Nearly 8 in 10 respondents (79%) also typically paid expedite fees to receive funds faster, suggesting that fees and tips are common practice.[8] Fees make these small advances costly for consumers, with annual percentage rates (APRs) averaging over 300%.[9]

Consumers take out advances with varying frequencies, from multiple times a year to every pay period. Some companies allow users to take out multiple advances before repayment, while others only allow one advance at a time. Research by the Government Accountability Office (GAO) estimated that users of one employer-sponsored EWA company used the service 10 to 24 times per year while users of a direct-to-consumer company did so more frequently, 26 to 33 times per year on average. Another study found more than 70% of users took advances in consecutive semi-monthly periods, with 10% of users taking out advances consecutively for at least five months.[10] DFPI found consumers took out advances nine times a quarter on average for a total of 36 times a year.[11] The frequency of advances adds to the cost, especially if consumers are paying expedite fees and leaving tips with each advance. Some lenders restrict how much can be borrowed in a single advance while permitting multiple advances per pay period and even per day, to increase the number of advances and amount paid in fees. For example, one company allows consumers to take out $750 per pay period but only up to $100 per day.

Existing research suggests that low- and moderate-income consumers make up a significant percentage of the customer base for EWA and cash advance companies. The GAO found that the share of users earning less than $50,000 a year ranged from 59% to 97% across four different advance companies that separately provided these percentages. One direct-to-consumer company reported 78% of its users made less than $25,000 a year.[12] A survey of low-income workers receiving government benefits found that 51% had used or downloaded direct-to-consumer apps and 16% had used them once a week.[13] Sold as a liquidity solution for consumers living paycheck to paycheck, advances may provide some relief to consumers in the short term but can cause a cycle of repeated borrowing in the long term, as consumers are continually borrowing against their own paycheck, often at a high cost.

Research Objectives

Despite the increasing public attention on advances, there remains a notable gap in our understanding of their usage by consumers, as well as the associated costs and impacts on consumers' finances. To bridge this information gap, we conducted a mixed-methods research study, encompassing both a quantitative analysis of transactional data and a qualitative diary study. This report aims to understand the impact of fintech cash advances on consumers by addressing the following three research questions:

1. **What is the cost of using these products?**
2. **What do usage patterns look like for EWA and cash advance products?**
3. **What are the impacts on consumers' financial health and goals?**

Data and Methodology

Transactions Analysis

CRL received anonymized financial transactions data from a panel of low- to moderate-income consumers affiliated with SaverLife. This nonprofit advocacy organization uses technology to improve the financial health of people living on low-to-moderate incomes across the county. SaverLife has a network of more than 600,000 members who engage with their financial product, research, or advocacy efforts.[14] More than 160,000 consumers have chosen to connect one or more of their accounts to the SaverLife platform. The sample provided to CRL included anonymized data for U.S. consumers who shared their transaction-level activity from one or more financial institutions with SaverLife's financial product. The consumers in this sample were "active" on the platform, with "active" being defined as having a transaction on record in the 30 days before November 13, 2023.

SaverLife works with a subset of American consumers that is younger and lower income than the U.S. population as a whole based on self-reported demographic information obtained through intake surveys. The majority of SaverLife members (91%) have a household income of $75,000 or less compared to 50% of American households overall. Our dataset consisted of a sample of users with similar demographic characteristics as SaverLife's membership. The income distribution of the sample aligns with the income distribution of advance users reported in previous research by GAO and others. Detailed characteristics are available in Appendix 1.

The dataset included 14,514,724 transactions for 16,442 individuals over an 18-month period (May 2022 to November 2023). Variables included anonymized user ID, account type, transaction date, transaction description, transaction amount, and banking institution name. Because the data are account-level and consumers may hold multiple accounts, our findings may reflect only a portion of the consumer's transactions.

Identifying Cash Advance Users

We include five direct-to-consumer companies in the analysis, but they are not the entirety of the EWA and cash advance marketplace. One report identified at least nine direct-to-consumer companies.[15] Although total market share is unknown, three companies (Brigit, Dave, and EarnIn) in our report have a combined reported user base of 14 million.[16] Employer-integrated companies were visible in the transactions data but were not reflected in the analysis because repayment was done through payroll and not a separate, identifiable transaction. Because the analysis does not include all companies, our findings likely underestimate frequency and usage of EWA and cash advance.

Of the five advance companies included in this analysis, two used a tip-based model and three used a subscription-based model with no tips. Consumers using advances were identified by creating filters for transactions containing company names for each direct-to-consumer company (Brigit, Cleo, Dave, EarnIn, and FloatMe). These consumers had advances that could be matched to repayments. Of the 16,442 consumers included in the sample, 1,938 (12%) had transactions associated with at least one of the five companies listed above.

Link Advances to Repayments

Although advances are the main line of business, EWA and cash advance companies offer other ancillary products and services like credit builder loans, credit monitoring, savings accounts, and debit cards. To isolate advances and repayments, we first identified them by removing any transactions associated with other company products using keyword filters; this left advances, repayments, and monthly subscription fees. We organized the remaining transactions into three distinct datasets based on their nature: advances, repayments, and (when applicable) membership fees.

In cases where companies permit only one advance at a time, we matched advances to repayments, using the transaction date. We assumed the repayment date occurred after the advance date and identified repayment amounts that were within $20 of advance amounts. We also included monthly membership fees in the dataset. This procedure enabled advances to be aligned with their respective repayments and fees to be calculated.[17]

In cases where companies allow users to take out multiple advances before repayment, we conducted a merge operation between advances and repayments to ascertain the timeframe during which each advance transaction was both initiated and repaid.[18]

Ultimately, we matched 37,826 advances for 1,938 unique users across five direct-to-consumer companies.

Table 1: Total Advances and Users by Company

Company	All Five Lenders	Brigit	Cleo	Dave	EarnIn	FloatMe
Number of Advances	37,826	7,133	2,966	5,992	19,561	2,174
Number of Users	1,938	909	719	873	706	444

Note: Number of users in this table is greater than 1,938 because some users used more than one company.

Diaries

On behalf of CRL, BSP Research implemented a diary study of 18 EWA and cash advance users. All participants use EWA or cash advance products regularly, with some using several apps multiple times a week. Participants discussed their experiences with more than seven companies, including the five companies included in the transaction analysis. Participants logged onto an online discussion platform (QualBoard) several times a week over the course of three weeks. From August 28, 2023 through September 15, 2023, participants answered a series of questions about their experiences with and concerns about using EWA and cash advance products.

The study recruited from among people aged 18 to 55 years old who are employed and have a personal income of no more than $50,000. In total, 14 participants completed the study in English, and four completed the study in Spanish. Most respondents (11 out of 18) identified as people of color and slightly more identified as female than male. Participants lived across the country, in 13 different states. A detailed description of the sample is available in Appendix 2.

In partnership with BSP Research, CRL researchers analyzed diaries to identify themes related to advance use, ability to meet expenses, impacts of using advances, and planning for financial goals. Some of the most salient themes, along with direct quotes that support them, are presented in the findings section below.

Findings

Overdrafts on consumers' checking accounts increased 56% on average after use of an advance product.

Companies providing advances often tout their product as a way for consumers to avoid overdrafting their checking accounts and incurring associated fees. However, this claim is inconsistent with past evidence that demonstrates how high-cost credit products may compound other financial costs, such as overdraft fees. For example, a Consumer Financial Protection Bureau (CFPB) study that reports on other deposit advance products issued by banks found that borrowers were substantially more likely to overdraw their accounts when they used these products. Even when banks discontinued these deposit advance products, there was not an increase in overdraft use.[19] In other words, the availability of the high-cost credit products was associated with more overdrafts, and the elimination of this loan program did not appear to lead to an increase in overdrafts as a replacement.

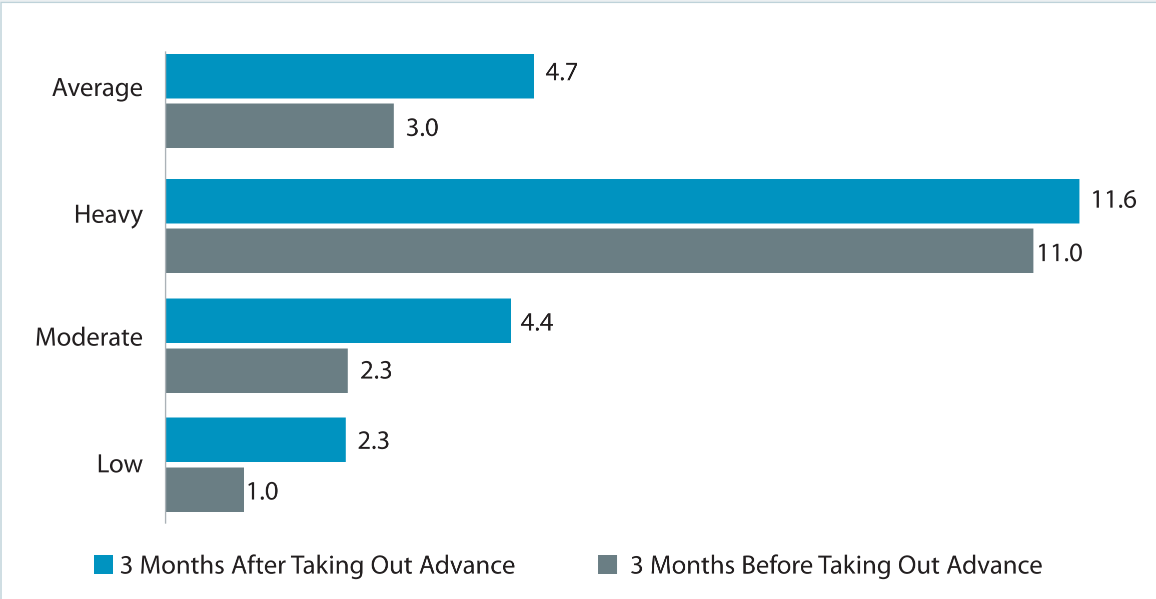
Direct-to-consumer lenders recoup funds and subscription fees directly from users' bank accounts through ACH authorizations. If the user does not have enough funds at the time of repayment, lenders will make multiple attempts to collect repayment, resulting in overdraft fees.[20] Though the price varies by bank, an overdraft fee often costs $35.

To evaluate whether the use of advances changed the frequency of overdraft fees, CRL looked at the change in overdraft fees before and after a customer started using advance products.[21] We identified the first advance transaction associated with a consumer and then looked at the number of overdraft fees incurred three months prior to advance use and three months post use to evaluate the change in overdraft activity. We used four categories to define frequency of overdraft fees in those three months: "heavy" users had four or more overdrafts over three months, "moderate" users had two or three overdrafts over three months, and "low" users had one overdraft every three months.

In our transaction analysis, we found that users experienced more overdraft fees after an initial advance. The average number of overdraft fees increased from 3.0 in the three months leading up to borrowers first advance use to 4.7 overdrafts in the three months following advance use. Assuming a common overdraft fee of $35, advance users paid about $60 more in overdraft fees in the three months after using advances. Half of advance users had zero overdrafts in the three months prior to using advances. These users newly started to overdraft on average 2.3 times, and as many as 35 times, in the three months after taking their first advance.

In fact, all consumers, regardless of overdraft frequency, saw their overdraft activity increase. Over three months, the number of overdrafts for low and moderate users more than doubled, rising from 1.0 to 2.3 (and up to 19) and from 2.3 to 4.4 (and up to 20), respectively. Meanwhile, heavy overdraft users saw their activity increase from 11.0 overdraft transactions to 11.6 (and up to 53).

Figure 1. Counts of Overdrafts Preceding and Following Three Months of Advance Use



Source: CRL analysis of SaverLife data.

The increase in overdraft fees in conjunction with use of advances is similar to the relationship observed between overdraft fees and payday lending. Notably, consultants selling bank payday loan software have promised banks that providing payday lending would result in little to no "overdraft revenue cannibalization" because payday lending would increase total borrowing by consumers, resulting in higher fee generation.[22] Advance products appear to be operating in a similar pattern and users seem unlikely to be able to reduce overdraft fees because of their use.

Consumers are taking out advances repeatedly, and using multiple lenders is common. Three quarters (75%) took out at least one advance on the same day or day after making a repayment.

Lenders impose restrictions on how much can be borrowed in a single advance, but some allow borrowers to take out more than one advance per pay period, in some cases within the same day. (See Table 2 below.) As a result, lenders collect more fees as consumers take out consecutive advances or take out advances from multiple lenders to access more money. Consumers are left with less money on payday and increased risk of overdraft as they repay multiple advances at once. In our analysis, 37% of advance product users had at least one month where they took out advances four times or more. Additionally, 17% of users heavily relied on advances, using it four times or more in a month, for three consecutive months.

Table 2. Advance Limits and Fee Structure by Company

	Brigit	Cleo	Dave	EarnIn	FloatMe
Maximum Advance	$250	$250, $100 for first-time users	$500	$100 per day $750 per pay period	$50
Monthly Fee	$ 9.99 or $14.99	$5.99 or $14.99	$1.00	-	$3.99
Expediting Fees	$0.99–$3.99 with the $9.99 monthly option	$3.99	3% of advance ($3–$15)	$1.99 to $3.99	$3 for advance of $10–$20 $4 for advance of $20–$30 $5 for advance of $30+
	free with the $14.99 monthly option		5% of advance ($5–$25)		
Tipping	-	-	Up to 25% of advance solicited	Up to $13 solicited	-

Source: CRL review of company websites.

We found that almost half of users (48%) accessed advances from multiple companies, sometimes simultaneously. While 52% of users exclusively depended on a single lender, 24% utilized two lenders, and 24% had engaged with at least three lenders within the studied period. Among the consumers using multiple lenders, most (51%) engaged with multiple lenders within the same month for at least half of the time they took out advances. Taking out multiple advances simultaneously increases fees paid and the risk of overdraft upon repayment.

Among the consumers using multiple lenders, most (51%) engaged with multiple lenders within the same month for at least half of the time they took out advances.

Although advances may initially serve as an emergency resource, consumers are reducing their own paycheck each time they borrow and creating a cycle of borrowing and repayment that is difficult to break. In our transactions analysis, we found 12.0% of users took out new advances on the same day they repaid another from the same company and another 62.8% took out an advance one day after making their repayment. We found that 36.5% of users took out a new advance from any of the five companies on the same day they made a repayment for an advance from any of the five companies. And 38.7% took out their next advance just one day later. In total, this means 75.2% of users took out an advance on the same day or next day they made a repayment.

Users took out advances over several months, not just on a single occasion or sporadic basis. Seventy-six percent of individuals who began the use of an advance product continued to use the product at least once over the next six months.[23] Among those who kept using these advances, over half (51%) used the product at least once per month, 30% used it on average at least twice per month, over one-fifth (22%) took out advances an average of at least three times per month, and 10% of users averaged at least five advances per month over the six-month period. Users who took out at least six advances in one or more months (ranging from a single-month maximum of 7 to 22 times) accounted for 17% of all users and nearly half (49%) of all advances.

Users who took out at least six advances in one or more months accounted for 17% of all users and nearly half (49%) of all advances

Most diary participants reported trying more than one lender, and several had taken out advances from multiple companies within the same period. Some used a combination of employer-integrated and direct-to-consumer lenders while others relied on multiple direct-to-consumer lenders.

> *"Since last week, I have only used EarnIn. But, last payday I used EarnIn, Cleo, Empower, and Brigit, all once except for EarnIn, I used them twice." –Shaylene*

> *"I usually use them every time I get paid because they take out their payment and usually my check is short because I use the apps and I have to go back and re-borrow almost every time I get paid." –Ayanna*

> *"They're predatory, they get you stuck in a cycle, and you're basically getting money that you already are having a hard time managing… They purposely advertise to people with low income, typically people that use these end up getting stuck in a vicious cycle." –Cody*

Consumers taking out small amounts of cash paid a high price. Average APR for an advance repaid in 7 to 14 days was 367%, nearly as much as the APR on a typical payday loan (400%).

When using these advances, consumers are borrowing small amounts of cash and typically repaying them in less than two weeks. The average advance amount for users in our transaction dataset was $79 but varied from $20 to $133 depending on the company. The minimum advance amount in our sample was $10 and the maximum was $500, reflecting the variation in borrowing limits across companies. Consumers repaid advances within 10 days on average.

Table 3. Average Advance Amounts and Days to Repay by Lender

Company	All Lenders	Brigit	Cleo	Dave	EarnIn	FloatMe
Average Advance Amounts	$79	$58	$39	$133	$83	$20
Minimum Advance	$10	$25	$20	$20	$10	$10
Maximum Advance	$500	$280	$250	$500	$300	$50
Average Days to Repay	10.0	10.8	10.3	10.5	8.8	9.0

Source: CRL analysis of SaverLife data.

To compare the cost of advances relative to other financial products, CRL calculated the rate (APR), which represents the total cost of credit including fees and tips. We used the same APR formula as the California Department of Financial Protection and Innovation.[24] Monthly membership fees were included in the calculation by dividing the fee by the number of advances a consumer took out in each month.

Our calculations show that the cost of these advances can be comparable or more costly than traditional payday loans because of the high fees paid to borrow small amounts for a short period of time. The average APR on advances repaid in 7 to 14 days was 367% (compared to 400% for a typical payday loan) but ranged from 284% to 956% by company. Cleo and FloatMe showed higher average APRs due to the high fees for low advance amounts. Average fees represented 12% of the average advance amount but for Cleo and FloatMe were 18% and 26% respectively.

Table 4: Costs of Advance Compared to a Typical Payday Loan

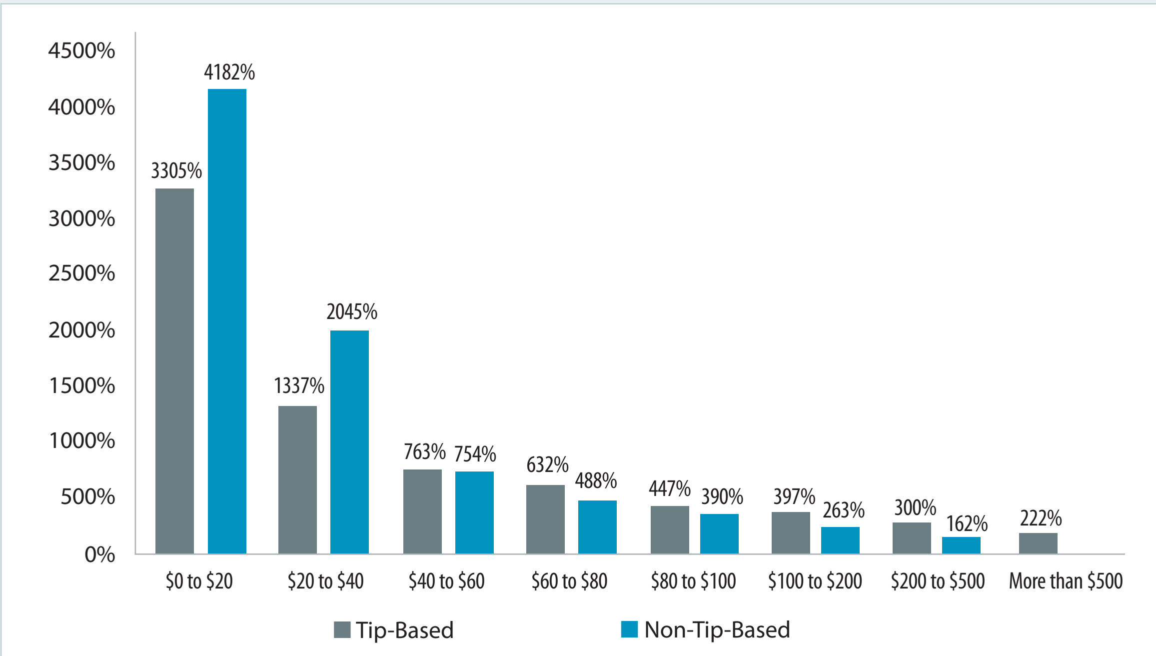
Cost Metrics	All Five Lenders	Brigit	Cleo	FloatMe	Dave	EarnIn	Payday Loan
Average APR on Advances Paid in 7 to 14 Days	367%	439%	652%	956%	329%	284%	400%
Average Fee to Advance Amount	12%	12%	18%	26%	10%	8%	15%
Cost per Advance	$7	$7	$6	$5	$10	$5	$15

Note: Share of advances repaid within 7 to 14 days was 58%.

Source: CRL's calculations using SaverLife Data. The cost of a typical payday loan is taken from https://www.consumerfinance.gov/ask-cfpb/what-is-a-payday-loan-en-1567.

Consumers taking out small amounts of cash paid a high price. Over half of the transactions (51%) in our dataset were for less than $80, especially among non-tip providers (see Appendix 3). Both tip-based and non-tip-based companies have exorbitant average APRs for advance amounts below $40, with non-tip-based companies showing notably higher average APRs for these smaller advances. Advances ranging between $40 and $60 exhibit nearly identical average APRs across both tip-based and non-tip-based companies. Conversely, tip-based companies present significantly higher APRs for amounts of $60 and above, which suggest consumers are leaving more in "tips," which makes advances more costly.

Figure 3: APRs by Advanced Amount and Lender Type



Source: CRL's calculations using SaverLife data.

Diary participants' understanding of fees, tipping, and the costs associated with taking out an advance varied. Some users seemed to be unaware they were paying fees while others kept track of the changes in fees. Most participants reported regularly paying fees with some estimating they spent between $30 to $50 in fees per month. The lack of transparency around fees was concerning to some customers.

"I would say it's close to $5–6 per advance except with Brigit I know it's only .99 cents. I would say each month I probably spend close to $40 just on fees." –Zachary

"The tips I have not paid. I think they are ridiculous because they are already getting a fee. Most make you pay the expedite fee because if not it can take 3 business days and most people simply can't wait. I do feel the fee plus the monthly fee a lot are now doing is really starting to take advantage of people like $6.99 a month and then $6–7 expedite then want $3–4 tip for 50 is a lot. This is one of the reasons I am trying my best not to use them." –Heather

Participants expressed mixed feelings about paying fees and confusion about leaving tips. Some felt fees were just the cost of doing business while others felt they were "paying to get paid" and that fees were unnecessary. Most felt they had no choice but to pay extra fees to receive money when they needed it. Some users described being charged for fees and tips that they hadn't agreed to pay and expressed a desire for greater transparency around charges.

"I have been charged additional fees along with tips I never agreed to giving that amount. You can decline a tip one time and as you're going through the process it adds another tip, but you have to catch it before you agree to the terms." –Ayanna

"It has made it harder to save money, having to pay extra fees. That money could be going to my savings. I would say it (fees) is around $50 a month, I would save that for an emergency fund." –Jason

Many low- to moderate-income consumers are already struggling to meet their expenses and repaying advances makes it harder to catch up or save.

Diary participants were frustrated to find themselves in precarious financial situations despite how much they work and try to stay on top of their financial obligations. They expressed common financial goals—to build an emergency fund, open a savings account, own a home—but these goals were out of reach in their current situation. They were instead focused on getting by each week. Advances offered them quick access to money but at a high cost that puts them further behind and makes it difficult for them to save money. Most would prefer not to use advance apps in the future and are hopeful they will stop using them once they are more financially stable. They feel, however, that this is unlikely in the immediate future due to their pressing financial needs.

"It has been harder to save money, because I often find myself paying back more than what I borrowed every time and that sets me back for paying off other things." –Ayanna

"Until I get a raise unfortunately, I feel I will be having to use it just as regularly as I have been…. I hope for there to come a day where I may not need to use a EWA where I will be financially stable enough to not have to rely on EWA or other means to pay bills on time." –Brian

"I believe I will continue to use it at least for a while, but I would like to cut down on how frequent I'm using it, I'd like to get more ahead and get a savings built up so I don't have to rely as much on the apps." –Cayden

"My future financial goals are just to be stable to be honest without the need for these extra services. It's frustrating because once you pay something there's something else that pops up that you need to pay. I think it's affecting my future financial goals because when you use these apps, you're using money you're already having a hard time balancing." –Cody

Borrower Story: **Zachary**

Regular User of Cash Advance Apps

LOCATION:
Mississippi

AGE:
35

EMPLOYMENT:
Line cook, full-time

INCOME RANGE:
$25–50K

HIGHEST LEVEL OF EDUCATION:
High School

ADVANCE LENDERS:
Brigit, Cleo, Dave, EarnIn

Relies on multiple lenders to make ends meet:
"I believe the first time I just needed extra money because I wasn't getting many hours at work, and now I'm in a perpetual state of borrowing every check because I can't afford to give up the amount till next pay period. . . . I consistently use EarnIn, Dave, Cleo and Brigit. I use them every paycheck."

Pays fees regularly but wants greater transparency:
"I always pay the fee to get it as soon as possible, it's usually not too big of a fee. I forget which app it was but they wanted you to pay for a subscription to the service with no guarantee you'd even get an advance which is ridiculous. I think the fees for the service should be made clear upfront because most of the apps make it seem like everything's free."

Trapped in a cycle of borrowing and repayment:
"My finances are horrible I hate it, I've been living paycheck to paycheck for a while now it's really hard to save up money for anything. I budget around these advances every month, I can't come up with the extra money to get out of the cycle. . . . Save money, own a home would the most critical to me. I'm just trying to survive how it is right now honestly so I don't really have a plan set in place. It doesn't help having to forfeit half or more of my check every payday and then borrow it back, so yeah that affects my finances."

Conclusion

As the qualitative and quantitative findings in this report emphasize, the frequent use of advance products combined with their high cost make earned wage advance harmful for consumers who in many cases are already living paycheck to paycheck. Eroding their own paychecks each time they take out an advance, consumers are becoming trapped in a cycle of borrowing and repayment similar to payday loans. Another form of high-cost credit is not the solution to the income insufficiency faced by American workers whose wages have lagged behind the rising costs of everyday expenses like rent and food. Lawmakers and regulators addressing these products should impose meaningful guardrails on their use by regulating them under existing credit regulations or, if that is not feasible, implementing minimum consumer protections, such as treating advances as credit and including strict cost caps.[25]

Appendix 1:

Demographics of Users by Sample Compared with Membership and U.S. Populations

Household Income	Advances Sample (n=814)	Transactions Sample (n=7,067)	SaverLife Membership (n=321,086)	ACS 2022, One-Year estimates
Less than $15,000	12%	15%	31%	9%
$15,000 to $24,999	14%	14%	15%	7%
$25,000 to $34,999	14%	14%	13%	7%
$35,000 to $49,999	23%	22%	18%	11%
$50,000 to $74,999	20%	19%	13%	16%
$75,000 to $99,999	8%	8%	5%	13%
$100,000 or more	8%	8%	5%	38%
Age	**Advances Sample (n=876)**	**Transactions Sample (n=7,641)**	**SaverLife (n=321,086)**	**ACS 2022, One-Year estimates**
18–24	7%	6%	6%	12%
25–44	48%	46%	42%	34%
45–64	33%	38%	43%	32%
65+	11%	10%	9%	22%

Note: Not all users in transactions sample reported income or age information, which is why n differs for each category and from the total users reported in the data section.

Appendix 2:

Focus Group Participants Demographics

Gender	
Men	8
Women	10
Race/Ethnicity	
Asian	2
Black	1
Hispanic	7
White	7
Other Race	1
Age	
18–25	4
26–35	7
36–45	4
46–55	3
Diary Language	
English	14
Spanish	4
Employment Status	
Full-Time	10
Part-Time	5
Self-Employed	3
Personal Income	
Less than $25,000	2
$25,000–$50,000	16
Educational Attainment	
HS Diploma or GED	7
Some College, No Degree	5
Four-Year Degree	6
EWA Apps Used	
EarnIn	9
Dave	8
Chime	7
Brigit	5
MoneyLion	4
Daily Pay	3
PayActiv	2
Other	3

Appendix 3:

Distribution of Advance Amount by EWA Provider

	All Advance Providers	Non-Tip-Based Providers	Tip-Based Providers
$0 to $20	1.36%	1.51%	1.30%
$20 to $40	15.78%	34.90%	6.53%
$40 to $60	27.52%	47.52%	17.90%
$60 to $80	6.02%	7.02%	5.53%
$80 to $100	2.03%	3.54%	1.31%
$100 to $200	43.02%	5.30%	61.21%
$200 to $500	4.25%	0.22%	6.20%
>=$500	0.01%	0.00%	0.02%

Endnotes

[1] What Is Earned Wage Access?, NerdWallet

[2] Final Copy EWA & D2C Advance Usage Trends (cfsi-innovation-files-2018.s3.amazonaws.com)

[3] 2021 Earned Wage Access Data Findings (ca.gov). https://dfpi.ca.gov/wp-content/uploads/sites/337/2023/03/2021-Earned-Wage-Access-Data-Findings-Cited-in-ISOR.pdf?emrc=08148f

[4] 8 Cash Advance Apps That Cover You 'Til Payday, NerdWallet

[5] https://www.theclearinghouse.org/-/media/new/tch/documents/payment-systems/rtp_-pricing_02-07-2019.pdf

[6] https://dfpi.ca.gov/wp-content/uploads/sites/337/2023/03/PRO-01-21-ISOR.pdf

[7] 2021 Earned Wage Access Data Findings (ca.gov). https://dfpi.ca.gov/wp-content/uploads/sites/337/2023/03/2021-Earned-Wage-Access-Data-Findings-Cited-in-ISOR.pdf?emrc=08148f

[8] Survey Summary of Earned Wage Advance and Cash Advance Apps, Center for Responsible Lending

[9] 2021 Earned Wage Access Data Findings (ca.gov). https://dfpi.ca.gov/wp-content/uploads/sites/337/2023/03/2021-Earned-Wage-Access-Data-Findings-Cited-in-ISOR.pdf?emrc=08148f

[10] Earned Wage Access and Direct-to-Consumer Advance Usage Trends, Financial Health Network (finhealthnetwork.org)

[11] 2021 Earned Wage Access Data Findings (ca.gov). https://dfpi.ca.gov/wp-content/uploads/sites/337/2023/03/2021-Earned-Wage-Access-Data-Findings-Cited-in-ISOR.pdf?emrc=08148f

[12] GAO-23-105536, FINANCIAL TECHNOLOGY: Products Have Benefits and Risks to Underserved Consumers, and Regulatory Clarity Is Needed

[13] 214_AWP_final_2.pdf (harvard.edu)

[14] About Saverlife

[15] Final Copy EWA & D2C Advance Usage Trends (cfsi-innovation-files-2018.s3.amazonaws.com)

[16] 214_AWP_final_2.pdf (harvard.edu)

[17] For example, a user took out an advance of $80 on March 2, and the next repayment occurred on March 14 for $84.99. We linked those two transactions and the corresponding amounts and consider this transaction to have a $4.99 fee for the advance.

[18] After linking advances and payments, certain transactions were excluded. First, some transactions lacked full payment coverage for the advance, likely due to additional payments processed from unlinked accounts. Second, repayments made without any advances issued likely indicated payments for products other than EWAs. Third, the dataset spans from May 2022 to November 2023. However, for certain repayments processed in May 2022, there is missing information regarding the advances taken out before May 2022.

[19] Supplemental findings on payday, payday installment, vehicle title loans, and deposit advance products, Consumer Financial Protection Bureau, June 2016. https://files.consumerfinance.gov/f/documents/Supplemental_Report_060116.pdf

[20] crl-ewa-brief-oct2023.pdf (responsiblelending.org)

[21] To do this analysis required restricting the sample to individuals with at least 90 days of transactions data prior to their first use of an EWA advance product to identify their propensity to overdraft before using one of the advance products in this analysis. This includes 604 individuals.

[22] Fiserv, Relationship Advance program description, retrieved from http://www.relationshipadvance.com/ in August 2011, on file with the Center for Responsible Lending.

[23] We restricted the sample to individuals who had not used an EWA advance in the prior three months and who had at least six additional months of subsequent transaction records.

[24] 2021 Earned Wage Access Data Findings (ca.gov)

[25] crl-ewa-brief-oct2023.pdf (responsiblelending.org)

Center for Responsible Lending

www.responsiblelending.org

The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families of color, rural, women, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.

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